Executive Summary

This PBOT Regulatory Alert is being issued in anticipation of the listing on the Philadelphia Board of Trade ("PBOT") of IDEX USD Interest Rate Swap Futures Contracts to be traded on the IDEX XT Electronic Trading System and cleared by International Derivatives Clearinghouse LLC.

Pursuant to PBOT Rule F11, Customer Margin, PBOT is publishing the minimum initial and maintenance margin rates for IDEX USD Interest Rate Swap Futures Contracts. PBOT will adopt minimum margin requirements prescribed by the International Derivatives Clearinghouse ("IDCH").

Initial Margin

IDCH will determine initial margin by creating thirteen time buckets, expressed in years (2-10 years, 15 years, 20 years, 25 years and 30 years). For each time bucket, a time series analysis of the daily, end-of-day clean price will be performed over the preceding 125 trading days. The result of the time series analysis will be multiplied by three standard deviations and analyzed over three periods: 30 days, 90 days and 125 days. The largest result will be considered as the initial margin, rounded up to the nearest $100, for the upcoming period. However, should the aforementioned analysis show that the calculated margin level was exceeded in the previous 125 trading day period, IDCH will use that observation, rounded up to the nearest $100, as the initial margin amount.

For contracts that fall between buckets, i.e. a 27 year interest rate swap future, the next highest level will be used as initial margin (in this case the 30 year initial margin).

Maintenance Margin

IDCH will calculate variation margin by revaluing each individual contract against a proprietary curve ("IDCH Discount Curve"). The components of the variation margin will be the sum of the clean price and net accruals of each contract.

Please direct any questions concerning this Notice to Daniel Carrigan, Senior Managing Director, at 215-496-5017, or Michael Dundon, Managing Director, IDCH, at 646-867-2528.

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